

1 and bitcoin.

2 Q. And why was Ripple stating that  
3 publicly?

4 A. There's often -- not often, but at times  
5 there was, like, incorrect press reports saying  
6 that XRP was a centralized digital asset. That  
7 was incorrect. So we made efforts to ensure that  
8 that was corrected.

9 Q. And what was the significance of whether  
10 XRP was centralized or decentralized?

11 A. The -- there's an interest in the crypto  
12 community for the assets that they decide to build  
13 on, the open source community. There's an  
14 emphasis on decentralization. So that was  
15 important for us to show -- for Ripple to clarify  
16 that Ripple does not control the XRP ledger.

17 And then secondly, the more technical  
18 terms around the vendor due diligence  
19 conversations, conversations around operational  
20 resiliency and business continuity specific to a  
21 new type of platform that is decentralized. That  
22 was related to the xRapid conversations.

23 Q. How did the centralization --  
24 centralization versus decentralization, how did  
25 that relate to the XRP security classification

1 issue?

2 MR. CERESNEY: Objection; form.

3 A. From what I recall, that was a piece  
4 of -- we're exploring -- we're comparing bitcoin,  
5 Eth and XRP. Decentralization was a factor for  
6 the Eth decision and we're exploring a similar  
7 parallel with XRP.

8 Q. And when you say "the Eth decision," do  
9 you mean Mr. Hinman's speech in 2018?

10 A. Yes.

11 Q. And when you write in Exhibit 21 "Our  
12 approach has been to show that BTC, ETH and XRP  
13 are very similar," that's the approach with the  
14 SEC arguing for the same classification?

15 A. Right.

16 Q. And was Ripple trying to convey to the  
17 SEC in August 2018 that bitcoin, Ether, and XRP  
18 are very similar?

19 A. I wasn't involved in the SEC  
20 discussions, so I'm not sure what the company was  
21 trying to convey. The Hinman speech was the  
22 guidance that the market had, so we were building  
23 off of that.

24 Q. Well, you wrote about Ripple's approach  
25 with the SEC.

1           A.    That was my understanding from counsel  
2 of what the approach taken there was.

3           Q.    Did you have any understanding of the  
4 approach taken with the SEC independent of your  
5 communications with counsel?

6           A.    No.

7                       MR. HANAUER:  Mr. Ceresney, are  
8 you instructing the witness not to answer  
9 questions about communications with  
10 counsel regarding the approach Ripple was  
11 taking with the SEC in August of 2018?

12                  MR. CERESNEY:  Yes.

13                       (Whereupon, exhibit is presented  
14 and marked SEC Zagone Exhibit RZ-22 for  
15 identification.)

16                  MR. HANAUER:  And I just tendered  
17 the witness a document labeled RZ --  
18 Exhibit RZ-22, which has a Bates number  
19 ending in 1296.

20 BY MR. HANAUER:

21           Q.    And is Exhibit RZ-22 a copy of an e-mail  
22 and attachment you sent to Mr. Garlinghouse on  
23 August 16th, 2018?

24           A.    That's right.

25           Q.    And do you see your e-mail refers to a

1 "Ripple and XRP one-pager handout used on the  
2 Hill"?

3 A. I do.

4 Q. And are you referring to the document  
5 attached to your e-mail?

6 A. Yes.

7 Q. And what did you mean by "handout used  
8 on the Hill"?

9 A. We were having -- I was having meetings  
10 on Capitol Hill with House and Senate members and  
11 their staff educating them on the future of  
12 payments. This was a handout that summarized our  
13 points.

14 Q. And in your meetings with members of  
15 Congress and their staff, you were trying to  
16 convey the message that XRP should not be  
17 considered a security?

18 A. No. We were conveying a message that  
19 this technology is the future of payments and it's  
20 incumbent upon America to lead on that to remain a  
21 global leader in finance.

22 Q. So why are you writing that the  
23 one-pager highlights why XRP should not be  
24 considered a security?

25 A. The meetings we had on the Hill were

1 about America's leadership in blockchain.

2 Q. Were any of those meetings about  
3 proposed legislation that would exclude XRP from  
4 the federal -- the application of the federal  
5 securities laws?

6 A. From my memory and in rereading the text  
7 here, the focus was on America's leadership by  
8 resolving uncertainty of the -- regulatory  
9 uncertainty.

10 Q. Right.

11 And resolving regula -- and resolving  
12 regulatory uncertainty, you're speaking about the  
13 SEC XRP classification issue?

14 A. Yes, that's -- that was one piece of  
15 uncertainty.

16 Q. And you want -- when you met with  
17 members of Congress and their staff, you wanted to  
18 convey Ripple's message that XRP should not be  
19 subject to the federal securities laws?

20 A. The outreach we did on the Hill was,  
21 like, educational in nature. So this is  
22 blockchain. It's important for our leadership,  
23 particularly our national security, as this would  
24 be future infrastructure for global payments. We  
25 wanted that to be American led. So it was very



1 educational at the background of XRP and that we  
2 need a -- a view, an American view, which we  
3 thought global -- from a countrywide policy  
4 perspective, that should be led by Congress to  
5 chart out how America can be a leadership -- be a  
6 leader on blockchain and crypto.

7 Q. But the -- the result Ripple wanted was  
8 for Congress to pass a law that excluded XRP from  
9 the SEC's jurisdiction, right?

10 A. The -- the result we wanted was America  
11 to be a leader on this technology. American  
12 leadership on blockchain. That encompasses -- or  
13 the focus of that is policy that enables that  
14 technology to grow. So we -- we -- we look back  
15 to the early days of the internet. That was led  
16 by -- the growth of the internet was led by a  
17 public policy view from Congress and the President  
18 at the time. And we saw other countries putting  
19 forth -- putting forth, like, holistic frameworks  
20 for how they could be competitive on the future of  
21 payments, particularly UK and Singapore. And we  
22 wanted America to be a part of that conversation.

23 Q. Ripple wanted Congress to pass a law  
24 that excluded XRP from the SEC's jurisdiction?

25 MR. CERESNEY: Objection.

1           A.    No, those are your words.  So we wanted  
2   America to lead on crypto and blockchain.  It's  
3   the future infrastructure of our financial system.  
4   We wanted America to be a leader there.

5           Q.    Okay.  And you -- you wanted Congress to  
6   resolve regulatory uncertainty regarding XRP?

7           A.    We wanted Congress to create -- to point  
8   the compass in the direction of where the U.S.  
9   needed to go on blockchain and crypto assets.  So  
10   creating a north star for the U.S. broadly  
11   supports this technology.  We see it as a future  
12   of our economy.  Very similar to the framework  
13   that President Clinton put forth for the internet.

14          Q.    Did Ripple want Congress to pass any  
15   laws related to the XRP securities classification  
16   issue?

17          A.    That was not the focus of our Hill  
18   engagement.

19          Q.    So what are you writing about to  
20   Mr. Garlinghouse about the handout you used on  
21   Capitol Hill highlighting why XRP should not be  
22   considered a security?

23          A.    I -- I see the handout here and I see  
24   that -- I see where I write that, highlighting why  
25   XRP should not be considered a security.  That was

1 not the focus of the handout nor the focus of  
2 our -- our conversations. The -- how XRP -- XRP  
3 would be treated by the SEC was a much more  
4 in-depth discussions than the level of  
5 conversations we were having.

6 Q. And who did you meet with from Congress?

7 A. These were Hill staffers for different  
8 members of the financial services and Senate  
9 banking committee.

10 Q. Did you ever meet with any of the  
11 senators or congressmen yourself?

12 A. Some, yes.

13 Q. Who?

14 A. Senator Cotton, Senator Sinema,  
15 Representative Sherman. There's a couple more in  
16 there. I can't recall their names.

17 Q. And in any of your meetings with  
18 senators, representatives, or their staffs, did  
19 you convey the message that XRP should not be  
20 considered a security subject to SEC regulation?

21 A. That was not the focus of these  
22 conversations. They were -- no. They were very  
23 high level around ensuring American leadership on  
24 blockchain.

25 Q. And I'm not asking you about the focus.



1 I'm just asking if you ever conveyed to a senator,  
2 a U.S. representative, or any of their staffs that  
3 Ripple should not be considered a security subject  
4 to SEC regulation?

5 MR. HECKER: Objection; asked and  
6 answered.

7 A. Not that I recall. That's much more  
8 detail than the high-level conversations we were  
9 having.

10 Q. Did Ripple employ lobbyists to attempt  
11 to convince the SEC to decide that XRP was not a  
12 security?

13 A. Ripple employed lobbyists to engage on  
14 Hill issues, bills that would come up. In my  
15 awareness, they were focused on the Hill.

16 Q. Did Ripple employ lobbyists to attempt  
17 to convince Congress to decide that XRP was not a  
18 security and not subject to SEC jurisdiction?

19 A. The work we did on the Hill and the work  
20 we did with our lobbyists was -- was educational.  
21 What is XRP? What's the potential for the  
22 technology? It wasn't -- it was high level and  
23 educational unless there was a bill that was  
24 related to Ripple, which we would engage directly  
25 on that bill.

1 Q. Okay. And what bills related to Ripple  
2 or XRP did Ripple employ lobbyists for?

3 A. We employed a lobbyist, the primary one  
4 that I recall was a -- with the Senate banking  
5 committee who had proposed AML rules for  
6 cryptocurrency to ensure terrorist financing and  
7 money laundering did not occur through the  
8 technology. We engaged with the Senate on that  
9 bill.

10 Q. Did Ripple employ lobbyists related to  
11 the XRP securities classification issue?

12 A. There was a bill that came out from the  
13 House, from Representative Davidson. We -- I  
14 can't recall if we deployed a lobbyist to engage  
15 with Davidson or not.

16 Q. And what was that?

17 A. The bill was a crypto framework. It was  
18 a bill that called for more clear classification  
19 of digital assets in the U.S.

20 Q. And was that bill from Congressman  
21 Davidson to exempt -- would that bill have  
22 exempted digital assets from regulation by the  
23 SEC?

24 A. I -- I can't recall. And there were --  
25 there were a variety of versions of that bill.

1 Q. Did Ripple ever employ a lobbyist to  
2 argue or to try and convince Congress to pass a  
3 bill that would have excluded digital assets from  
4 the SEC's jurisdiction?

5 A. Not that I recall.

6 Q. Did Ripple ever try to get -- did Ripple  
7 ever make efforts to convince legislators to  
8 influence the SEC?

9 MR. HECKER: Objection to form.

10 A. Not that I was aware of.

11 Q. Did you have an understanding of whether  
12 Mr. Garlinghouse was involved with Ripple's  
13 lobbying efforts?

14 A. Mr. Garlinghouse attended meetings with  
15 me in D.C. They were educational meetings on  
16 Ripple and XRP. And Mr. Garlinghouse had his own  
17 meetings as well.

18 Q. And did you attend meetings where  
19 Mr. Garlinghouse and Mr. -- and lobbyists were  
20 present?

21 A. I attended some meetings with  
22 Mr. Garlinghouse, yes.

23 Q. And lobbyists?

24 A. I believe so, yes.

25 Q. And was the XRP securities

1 classification ever discussed at those meetings?

2 A. I can't recall.

3 Q. So the one-pager attached to Exhibit --  
4 as part of Exhibit 22, did you prepare that  
5 document?

6 A. I contributed to parts of it, but I  
7 didn't prepare the full document.

8 Q. Who else was involved in its  
9 preparation?

10 A. We had a communications team -- a  
11 communications firm that -- and a consulting firm  
12 that we were working with.

13 Q. Do you know what the names of those  
14 firms were?

15 A. The communications firm would be who we  
16 were working with marcomm and their teams, so  
17 taking those talking points.

18 Q. Was that [REDACTED]?

19 A. I'm not sure who we were working with at  
20 that time. [REDACTED] was one that we worked with. So  
21 some of these are just like facts around XRP that  
22 I would have gotten from marcomm.

23 And then the other firm would be [REDACTED]

24 Q. And what was [REDACTED]?

25 A. They were a strategy consulting firm in

1 D.C.

2 MR. HANAUER: Twenty-three.

3 (Whereupon, exhibit is presented  
4 and marked SEC Zagone Exhibit RZ-23 for  
5 identification.)

6 MR. HECKER: Thanks.

7 MR. HANAUER: And I tendered the  
8 witness Exhibit RZ -- or a document  
9 labeled Exhibit RZ-23, beginning with a  
10 Bates number ending in 1104.

11 BY MR. HANAUER:

12 Q. And Exhibit RZ-23, is that an e-mail and  
13 attachment you sent Mr. Garlinghouse on September  
14 4th, 2018?

15 A. That's correct.

16 Q. And in your e-mail to Mr. Garlinghouse,  
17 you reference a list of meetings for a trip to  
18 D.C. September 25th to September 26th?

19 A. Yes.

20 Q. And that was a trip Mr. Garlinghouse was  
21 making to Washington, D.C. to meet with various  
22 government officials?

23 A. That's correct.

24 Q. Did you attend that trip?

25 A. I can't recall. I was in -- back and



1     forth to D.C. quite a bit in that time frame.

2           Q.    And it looks like there's also a trip  
3     scheduled for September 18th?

4           A.    That's what it looks like, yes.

5           Q.    And did the -- well, I'll start, did the  
6     September 18th trip take place?

7           A.    I can't recall.

8           Q.    What about the September 25th trip?

9           A.    I believe that did. That did happen.

10          Q.    Okay. What was the purpose of  
11     Mr. Garlinghouse's trip to D.C. in September --  
12     September 25th/26th, 2018?

13                   MR. WARD: Objection to form.

14          A.    We -- Brad was also engaging on the  
15     theme of educating policymakers on the potential  
16     for blockchain and crypto and positioning America  
17     to be a leader on this technology.

18          Q.    And then do you see the -- the  
19     attachment in Exhibit 23, the priorities for the  
20     meetings?

21          A.    Yes, I see that.

22          Q.    Did you prepare that document?

23          A.    I did not. I don't believe I did.

24          Q.    And this document contains a list of  
25     meetings that Mr. Garlinghouse should prioritize

1 while in Washington, D.C.?

2 A. Correct.

3 Q. And then do you see that the SEC is  
4 referenced in Meetings No. 1, 2, 3, 6 and 7?

5 A. Yes, I see that.

6 Q. Why was Ripple prioritizing these  
7 meetings relating to the SEC?

8 MR. CERESNEY: Objection. There  
9 are references to the SEC in a number of  
10 these meetings. I don't think it's  
11 accurate to say that the meetings relate  
12 to the SEC. A number of them, for  
13 example, mention the SEC attending.

14 MR. HANAUER: Using the term  
15 "related" broadly.

16 MR. CERESNEY: Objection to the  
17 creative use of the term "related."

18 A. Can you repeat the question?

19 Q. Sure.

20 Why was Ripple prioritizing all these  
21 meetings where there's a reference to the SEC?

22 A. I wouldn't say that we were prioritizing  
23 these meetings. Several of these references are  
24 just that someone from the SEC will be there  
25 alongside other attendees, number one.

1           Number two, similar. It's listing out  
2           the Financial Stability Oversight Council, which  
3           the SEC is a member. These aren't meetings  
4           targeted at the SEC. They're with other agencies  
5           or groups.

6           Q.    But what's -- what's the significance of  
7           the SEC being mentioned in all these meetings?

8           A.    We're giving Brad a -- I'm giving --  
9           whoever wrote this and that I passed onto Brad is  
10          giving him a heads-up of where the SEC will be  
11          there. This is in 2018, September. I believe the  
12          SEC has reached out to Ripple at this point or is  
13          engaged in conversation. So I'm giving him  
14          awareness.

15          Q.    And at this point in time, September of  
16          2018, Ripple was still trying to convince the SEC  
17          to decide that XRP was not a security?

18          A.    In this time, Ripple and SEC were in  
19          conversation. I wasn't part of those  
20          conversations.

21          Q.    All right. But you had an understanding  
22          that Ripple wanted -- in late 2018 Ripple was  
23          trying to convince the SEC that XRP should not be  
24          deemed a security?

25          A.    I don't know the nature of those

1 conversations, if we were trying to convince them  
2 or if they were more educational in background and  
3 scope.

4 Q. What's the goal of those meetings?  
5 What -- what could possibly be the goal of  
6 Ripple's meetings with the SEC?

7 MR. HECKER: Object. Objection  
8 to form; argumentative, foundation. His  
9 understanding of the meetings it sounds  
10 from prior testimony came from counsel, so  
11 I'm not sure how he can answer that  
12 question.

13 Q. I guess what's your -- what's your --  
14 what was your understanding of what Ripple was  
15 trying to accomplish in relations to the SEC in  
16 late 2018?

17 MR. HECKER: Again, to the extent  
18 that your understanding, general  
19 understanding of that, is not coming from  
20 Ripple's lawyers.

21 A. I understood outside of Ripple's lawyers  
22 we were educating the SEC on XRP, its background,  
23 and Ripple the company.

24 Q. As the director of Ripple's regulatory  
25 relations, what did you want to accomplish

1 vis-a-vis the SEC?

2 A. So the SEC was an issue owned by our  
3 legal team. I was primary point for our clients  
4 and their approval by their regulators to use our  
5 products.

6 Q. So let's look at Meeting No. 4,  
7 "Davidson Cryptocurrency Roundtable." And it says  
8 that the objective of the meeting is to "help  
9 shape the bill with suggestions that would keep  
10 Ripple outside security classification."

11 A. That's No. 4 you're referring to?

12 Q. Yes.

13 A. Yes. There was a bill introduced by  
14 Representative Maloney that would classify all  
15 digital currencies as securities. Representative  
16 Davidson was planning a counter bill that would,  
17 here I say more -- or this document says "have a  
18 more pragmatic approach."

19 Q. Did Ripple --

20 A. So this was about crypto in general, the  
21 broad market.

22 Q. Right.

23 But do you see the part -- the  
24 objective, "help shape the bills with suggestions  
25 that would help keep Ripple outside security



1 classification"?

2 A. Yes, I see that.

3 Q. And was one of the Ripple's goals at the  
4 time for Congress to pass legislation that would  
5 result in XRP not being classified as a security?

6 MR. HECKER: Objection to form.

7 MR. WARD: Objection.

8 MR. CERESNEY: You can answer.

9 A. Yeah. The scope of this meeting,  
10 Maloney put forth a bill that would classify the  
11 whole industry as securities.

12 Q. Okay. And did Ripple want that bill to  
13 pass?

14 A. No.

15 Q. Did Ripple make any efforts to prevent  
16 that bill from passing?

17 A. We attended this roundtable.

18 Q. And were you going to advocate -- at the  
19 roundtable was Ripple going to advocate for or  
20 against Representative Maloney's bill?

21 MR. HECKER: Objection.

22 A. We were advocating --

23 MR. HECKER: Objection to form.

24 You can answer.

25 A. We were advocating for, as it says here,

1 "a more pragmatic approach" than classifying the  
2 whole industry as a security.

3 Q. So Ripple was opposing Representative  
4 Maloney's bill, right?

5 A. Correct.

6 Q. And Ripple was supporting Representative  
7 Davidson's bill that would have exempted digital  
8 assets from the federal securities laws?

9 MR. WARD: Objection. Misstates  
10 the document.

11 A. Yeah. Davidson's bill called for, as he  
12 put here, a more pragmatic approach to securities  
13 classification. The bill had several different  
14 versions and was -- was edited substantially over  
15 the time of its existence.

16 The -- it called for a review to ensure  
17 a more practical and pragmatic approach than  
18 classifying the whole industry as a security.

19 Q. So I want to focus on the objective  
20 piece.

21 A. Uh-huh.

22 Q. Was an objective of Ripple's that  
23 Congress passed a law that would keep XRP from  
24 being classified as a security?

25 MR. HECKER: Same objections.

1           A.    The objective here was to push back on a  
2   bill that would classify the whole industry,  
3   including Ripple -- or including XRP, as a  
4   security.

5           Q.    I get that, but I'm asking about the --  
6   the counter bill that would exempt digital assets  
7   from the federal securities laws.

8                   Did Ripple support such a bill?

9           A.    I don't believe Davidson's --

10                   MR. HECKER: Hang on.

11                   Objection; mischaracterizes the  
12   document; asked and answered.

13                   But you can answer again.

14           A.    I don't believe Davidson's bill exempted  
15   assets from being securities. I believe  
16   Davidson's bill called for a more pragmatic  
17   approach than classifying the whole industry as a  
18   security.

19                   MR. HANAUER: Twenty-four.

20                   (Whereupon, exhibit is presented  
21   and marked SEC Zagone Exhibit RZ-24 for  
22   identification.)

23                   MR. HANAUER: And Exhib -- I  
24   tendered the witness a document labeled  
25   Exhibit RZ-24 with a Bates number ending

1 in 6857.

2 BY MR. HANAUER:

3 Q. Is Exhibit 24 a copy of an e-mail chain  
4 ending with an e-mail you sent Mr. Garlinghouse on  
5 October 18th, 2018?

6 A. Correct.

7 Q. And do you see how in the second e-mail  
8 of Exhibit 24, Mr. Garlinghouse writes "We have  
9 decided that as a next step in our goal to have  
10 the SEC proactively say something, that we should  
11 get meetings with each of them"?

12 A. Yes, I see that.

13 Q. What did you understand Mr. Garlinghouse  
14 to mean by "our goal to have the SEC proactively  
15 say something"?

16 A. What I understand that line to mean was  
17 have the SEC come forth and clarify the  
18 classification of XRP. Proactively say something  
19 about XRP's classification.

20 Q. And it was Ripple's goal to have the SEC  
21 say that XRP was not a security, right?

22 A. Our view was that it's not a security.

23 Q. And Ripple's goal was to have the SEC  
24 say that?

25 A. Brad's note just says our goal was "to

1 have the SEC proactively say something."

2 Q. Did you talk -- ever talk to  
3 Mr. Garlinghouse about what he wanted the SEC to  
4 say?

5 A. I did not have that conversation with  
6 Brad on that, no. The conversa -- the context  
7 here was that there was open uncertainty, there's  
8 broad uncertainty in the market. We had our view;  
9 but as we had noted in previous documents, we were  
10 looking for the SEC or a formal regulator to  
11 provide clarity.

12 Q. And so the SEC could have provided  
13 clarity on the issue by either saying it  
14 considered XRP a security or it did not consider  
15 XRP a security, is that right?

16 A. Those would be the two options.

17 Q. And Ripple wanted the SEC to come out  
18 and say it considered XRP not to be a security?

19 MR. WARD: Objection.

20 A. In this e-mail it says "our goal is to  
21 have the SEC say something."

22 Q. Right.

23 And you had just said there were two  
24 options on what the SEC could say: Either SE --  
25 either XRP is a security or XRP's not a security.



1 Which one did Ripple want the SEC to  
2 say?

3 A. From the context of this e-mail, it was  
4 --

5 MR. WARD: Objection.

6 You can answer.

7 THE WITNESS: Okay.

8 A. From the context of this e-mail, it  
9 looks like Brad is pushing -- he's decided that  
10 the goal is to have the SEC say something to  
11 remove the uncertainty.

12 Q. Right. And -- and I'm not trying to be  
13 difficult here, but you just said there were two  
14 things the SEC could have said to provide  
15 certainty: XRP's a security or XRP is not a  
16 security.

17 So based on what you just said, which of  
18 those options did you want the SEC to go with?

19 A. The e-mail is quite clear.

20 MR. WARD: Objection.

21 A. It says "to say something." It doesn't  
22 indicate a preference.

23 Q. Did you understand Ripple had a  
24 preference between those two options?

25 A. We had a company view that it was not a

1 security.

2 Q. And Ripple was trying to secure meetings  
3 with the SEC Commissioners with the goal of having  
4 the SEC state that XRP is not a security.

5 A. That's not what the e-mail says.

6 MR. WARD: Objection. I mean,  
7 how many times can the same question be  
8 asked?

9 MR. HANAUER: Counsel, I'm not  
10 asking him to read the e-mail. I'm asking  
11 him to state his view as a witness.

12 A. This is an e-mail from Brad.

13 Q. Right.

14 A. That's a question for Brad, what he  
15 meant by this context, what he meant by his  
16 e-mail.

17 Q. I'm just trying to take this in parts.  
18 You can even put the e-mail down. How about that?

19 In late 2018 was there certainty with  
20 how the SEC viewed XRP?

21 A. Not to my awareness.

22 Q. Was there uncertainty with how the SEC  
23 viewed XRP?

24 A. I believe so, yes.

25 Q. And the XR -- the SEC could have

1 provided certainty about XRP by making a statement  
2 that XRP was a security or XRP wasn't a security?

3 A. Those would be the options.

4 Q. And did -- I think you just said Ripple  
5 preferred the option of having the SEC say that  
6 XRP was not a security?

7 A. We had a belief that XRP was not a  
8 security.

9 Q. And Ripple wanted the SEC to say that  
10 XRP was not a security?

11 MR. WARD: Objection.

12 A. I'm looking at this e-mail and it just  
13 says "say something."

14 Q. Put -- put the e-mail down. Okay? And  
15 I'm sorry I raised my voice but I don't want to  
16 tether you to the e-mail. I'm just asking you  
17 general questions from your perspective as  
18 Ripple's director of regulatory relations.

19 A. Yeah. Our review was that XRP was not  
20 --

21 MR. WARD: Hold on. I -- I  
22 object to that question.

23 You can answer.

24 A. The company's view was that XRP is not a  
25 security. We shared education broadly on the Hill

1 and with other policymakers, think tanks, about  
2 XRP and our view.

3 The SEC is an independent organization.  
4 It can create -- or it will make its own views.

5 Q. And which view did Ripple want the SEC  
6 to publicly announce, that Ripple -- that XRP was  
7 a security or XRP was not a security?

8 MR. WARD: Objection.

9 A. We held a view that it was not a  
10 security. That was a view based off of work with  
11 counsel, outside counsel providing guidance.  
12 That's what we thought was accurate and that's  
13 what we worked on. We would have -- we would have  
14 looked for the SEC to validate that view.

15 Q. And that's why Ripple was trying to  
16 secure meetings with the SEC commissioners in late  
17 2018?

18 MR. WARD: Objection.

19 A. I can't say -- I can't make that  
20 extension, no. The meetings are directly related  
21 to this e-mail from Brad saying he wants the SEC  
22 to say something. So to remove the uncertainty in  
23 the market. The SEC had already made actions  
24 toward bitcoin, toward Eth, and the DAO. We were  
25 looking for a similar certainty as those other

1 assets.

2 Q. And Ripple was looking -- Ripple's wish,  
3 Ripple's desire, was that the SEC would provide  
4 certainty by saying that XRP was not a security?

5 MR. HECKER: Objection; asked and  
6 answered --

7 MR. WARD: Objection.

8 MR. HECKER: -- multiple times  
9 now.

10 A. Yeah, I've already answered this. We  
11 were looking for certainty. The e-mail says we  
12 wanted to work with the members, with the  
13 commissioners, to proactively say something, much  
14 like they did for XRP -- I mean, for Eth, bitcoin,  
15 and the DAO, to remove the uncertainty. This  
16 doesn't indicate any direction of which we were  
17 wishing the SEC to go.

18 Q. All right. And did you -- but I'm just  
19 asking, did you have an understanding of which  
20 direction Ripple was trying to get the SEC to go?

21 A. I was not involved in those discussions  
22 or those meetings.

23 Q. Did you have any understanding of which  
24 direction Ripple was trying to get the SEC to go  
25 on on the securities classification issue?



1 MR. WARD: Objection.

2 A. I understood our view as a company. I  
3 understood from this e-mail context that we wanted  
4 the SEC to say something. That was all I  
5 understood.

6 Q. Okay.

7 MR. CERESNEY: Should we take our  
8 last break? We've been going about an  
9 hour. We have kind of less than an hour  
10 left.

11 MR. HANAUER: Sure. Can I finish  
12 with this document?

13 MR. HECKER: Sure.

14 MR. HANAUER: Thanks.

15 BY MR. HANAUER:

16 Q. And so in its efforts to get the SEC to  
17 proactively say something about XRP, Ripple tried  
18 to secure meetings between Mr. Garlinghouse and  
19 the SEC commissioners?

20 MR. HECKER: Objection to form.

21 A. Correct.

22 Q. And it looks like Mr. Garlinghouse had  
23 already had a meeting with Mr. Clayton as of  
24 October 2018?

25 A. That's what it appears, yes.

1 Q. Did you attend that meeting?

2 A. No.

3 Q. And did Mr. Garlinghouse convey to you  
4 anything that Mr. Clayton told him at that  
5 meeting?

6 MR. HECKER: Outside the presence  
7 of counsel.

8 A. No.

9 Q. Did Ripple --

10 MR. TENREIRO: Wait, wait, wait.  
11 Sorry. If -- if Garlinghouse just repeats  
12 what Clayton told them and just because  
13 there's a lawyer there you're asserting  
14 privilege and not letting him answer?

15 MR. HECKER: I'm saying -- I'm  
16 saying -- well, it's the company's  
17 privilege, but you're obviously going to  
18 be able to ask Mr. Garlinghouse about his  
19 discussion with Commissioner Clayton.  
20 Asking this witness, who only learned  
21 about any of this through counsel, would  
22 be -- would be a privilege issue. So  
23 yeah.

24 MR. TENREIRO: Oh, I didn't  
25 realize he only learned of it through

1 counsel. We were asking --

2 MR. HECKER: I said -- my  
3 objection was outside the presence of  
4 counsel. If he did, he can answer. If  
5 not, that's -- that's the problem.

6 MR. CERESNEY: I -- I think his  
7 answer suggested that he didn't get a  
8 report. So if you want to just ask him  
9 that question, we might be able to move  
10 past this issue.

11 MR. HANAUER: Yeah. Let's just  
12 clear that up.

13 THE WITNESS: I did not get a  
14 report from Brad from what his meeting  
15 with Clayton was.

16 MR. HANAUER: Thanks.

17 MR. CERESNEY: Well, you do need  
18 to have asked that question.

19 BY MR. HANAUER:

20 Q. Did Mr. Garlinghouse secure meetings  
21 with the other SEC Commissioners?

22 A. There was an attempt to. I don't know  
23 if those meetings happened or not.

24 Q. Do you know of any meetings other than  
25 Clayton that Mr. Garlinghouse had with SEC

1 commissioners?

2 A. I know we were targeting Peirce and  
3 Roisman. I don't know if we -- if he had those  
4 meetings.

5 Q. Okay.

6 A. I can't recall.

7 MR. HANAUER: All right. Let's  
8 take a break.

9 THE VIDEOGRAPHER: All right.  
10 Going off the record, 5:09.

11 (Whereupon, a recess is taken.)

12 THE VIDEOGRAPHER: Okay. Back on  
13 the record, 5:24.

14 (Whereupon, exhibit is presented  
15 and marked SEC Zagone Exhibit RZ-43  
16 for identification.)

17 BY MR. HANAUER:

18 Q. Mr. Zagone, before we went off the  
19 record, I asked you whether Mr. Garlinghouse had  
20 the opportunity to meet with any of the SEC  
21 commissioners other than Chair Clayton and I think  
22 you said you didn't recall?

23 A. Correct.

24 Q. I tender you an exhibit that's been  
25 marked as -- or a document that's been labeled as

1 Exhibit RZ-43 with a Bates number ending in 3237.

2 And is Exhibit 43 an e-mail you wrote to  
3 Mr. Garlinghouse on December 21st, 2018?

4 A. Yes, I see that.

5 Q. And do you see the second bullet point,  
6 you reference "Commissioner Jackson, the last  
7 remaining commissioner to meet"?

8 A. I see that.

9 Q. Does that refresh your recollection  
10 whether Ripple had met with other SEC  
11 commissioners?

12 A. That does.

13 Q. So, in fact, Ripple had met with  
14 Chairman Clayton, it did meet with Chairman -- or  
15 Commissioner Roisman?

16 A. I can't recall specifically which ones  
17 did or didn't happen. From this e-mail it looks  
18 like some meetings did happen.

19 Q. So as of December 21st, 2018, Ripple had  
20 met with four SEC commissioners?

21 A. I'm not certain how many.

22 Q. Well, you write "the last remaining  
23 commissioner to meet."

24 MR. HECKER: Objection to form;  
25 argumentative. Foundation.



1           A.    There was a series of meetings -- from  
2   this, it looks like the last commissioner to meet,  
3   Rob Jackson.  If that meant there were four  
4   others, then there were four others.  I'm not  
5   certain.

6           Q.    Yeah.  Counsel advised me the number was  
7   fluid during the time so...

8           A.    Okay.

9           Q.    Did -- did you attend -- did Ripple ever  
10  secure a meeting with Commissioner Jackson?

11          A.    I can't recall.

12          Q.    So the meeting with the other  
13  commissioners referenced in Exhibit 43, did you  
14  attend those meetings?

15          A.    No.

16          Q.    It's your understanding Mr. Garlinghouse  
17  met with the commissioners?

18          A.    That would be my understanding from  
19  seeing this, yeah.

20          Q.    And did Mr. Garlinghouse convey to you  
21  what the commissioners said to him during those  
22  meetings?

23          A.    He did not.

24          Q.    And was it your understanding that once  
25  the Chair and at least two other commissioners had

1 decided to vote together on a particular issue,  
2 the two members -- the two Commissioners in the  
3 minority could not prevent the commission from  
4 taking action on that particular issue?

5 MR. HECKER: Objection to form;  
6 foundation.

7 A. Yes, I can see that. I'm not a  
8 securities expert or an SEC expert. That's -- I  
9 wasn't leading this engagement. It was led by  
10 others in our legal team who were. My work was  
11 with our clients, our banking clients.

12 Q. But you understood that the -- the SEC  
13 commissioners would vote on whether to take action  
14 on specific issues, right?

15 A. If there was an action brought to the  
16 commissioners, they would vote. If there's five  
17 commissioners, it would be three to two, yeah.

18 Q. Right. And it was your understanding  
19 that once three commissioners had decided to vote  
20 a particular way, the two commissioners who didn't  
21 vote that way could not prevent the SEC from  
22 taking action?

23 MR. HECKER: Objection to form.

24 A. That's how I understand.

25 Q. And before the -- so in the period

1 between when Mr. Garlinghouse met with the SEC  
2 commissioners and the SEC filing this lawsuit, did  
3 the SEC make any announcements regarding XRP?

4 A. Not that I'm aware of.

5 Q. And what was your understanding of the  
6 fact that Ripple had attempted to convince every  
7 member of the SEC that XRP was not a security, yet  
8 the SEC never made a pronouncement about XRP?

9 MR. WARD: Objection --

10 MR. CERESNEY: Objection to  
11 form --

12 MR. WARD: -- form and  
13 foundation.

14 MR. CERESNEY: -- and foundation.

15 I mean, there's built into your question,  
16 Ben, a bunch of assumptions about those  
17 discussions.

18 Are you asking him to assume all  
19 the things in your answer -- in your  
20 question?

21 BY MR. HANAUER:

22 Q. If you understand the question, you can  
23 answer it.

24 A. I understood that Brad was meeting with  
25 commissioners. I did not have a view or an

1 understanding of what the -- the outcome he was  
2 seeking with that or an opinion on the fact that  
3 they had not spoken out.

4 In many meetings these were  
5 educational -- educational discussions. So this  
6 is who we are. This is what we're doing.

7 Q. And at the time of these meetings, you  
8 understood that -- that Ripple was actually being  
9 investigated by the SEC's Division of Enforcement?

10 A. Yes, I understood that.

11 Q. And you understood that even after these  
12 meetings that Mr. Garlinghouse had with the SEC  
13 commissioners, the SEC could ultimately decide  
14 that it considered XRP to be a security?

15 A. Yes, I understood that as a possibility.

16 Q. And were you also aware -- were you  
17 aware that there was going to be a presidential  
18 election in 2020?

19 MR. HECKER: We can stipulate to  
20 that.

21 MR. HANAUER: Just trying to lay  
22 some foundation, Counsel.

23 MR. CERESNEY: Although some  
24 might prefer that there not be one.

25 MR. TENREIRO: Okay.

1 BY MR. HANAUER:

2 Q. So did you know that whoever won the  
3 2020 presidential election would have the ability  
4 to choose a new SEC chairperson?

5 A. Yes.

6 Q. And you knew that depending on who won  
7 the 2020 presidential election, whoever was the  
8 president at that point could choose a SEC chair  
9 who held the view that XRP was a security?

10 MR. HECKER: Objection to form;  
11 calls for speculation.

12 You can answer.

13 A. That -- that was, like -- that's a  
14 stretch that was not -- that I don't recall going  
15 through my mind at the time. Particularly in that  
16 period, I was on my way out.

17 Q. After Mr. Garlinghouse's meetings with  
18 the commissioners, did you have a belief on  
19 whether the XR -- the SEC would make a statement  
20 regarding XRP's classification as a security?

21 MR. WARD: Objection to form.

22 MR. CERESNEY: Well, he's already  
23 said he didn't know what happened at those  
24 meetings. So are you asking him -- I  
25 don't understand. Like, is it just a



1 timing thing? After those meetings did he  
2 think that? Because he doesn't have any  
3 idea what happened at those meetings.

4 He's already testified to that.

5 A. Brad keep -- Brad keeps to himself.

6 He -- I did not get a readout on those meetings or  
7 the other meetings that he took solo in D.C.

8 MR. HANAUER: Twenty-five.

9 (Whereupon, exhibit is presented  
10 and marked SEC Zagone Exhibit RZ-25 for  
11 identification.)

12 MR. HANAUER: I tendered the  
13 witness a document labeled as Exhibit  
14 RZ-25, starting with a Bates number ending  
15 3297.

16 BY MR. HANAUER:

17 Q. Is Exhibit 25 a copy of an e-mail chain  
18 ending with an e-mail from you to [REDACTED]  
19 on January 7th, 2019?

20 A. It is.

21 Q. And who is Ms. [REDACTED]

22 A. Ms. [REDACTED] works in our  
23 communications team or Ripple's communication  
24 team.

25 Q. And it looks like she's asking you to

1 make a tweet.

2 (Pause)

3 A. Okay. I've read it.

4 [REDACTED] or Ms. [REDACTED] shares a  
5 potential tweet that says something if I feel  
6 comfortable tweeting, I can, but if I'm on the  
7 fence, it's not a must-do.

8 Q. And she's advising you that the -- I  
9 guess the article you're tweeting about is  
10 critical of the SEC?

11 A. She says "The piece is fairly critical  
12 of the SEC, so defer to your judgment."

13 Q. And you respond to her by saying "We are  
14 being very cautious to not say anything that would  
15 appear critical of the SEC right now"?

16 A. Yes, I say that.

17 Q. And why did Ripple want to not appear  
18 critical of the SEC in January 2019?

19 MR. HECKER: Objection to form.

20 A. We haven't -- Ripple has an ongoing  
21 discussion with the SEC regarding the  
22 investigation. So I felt it would be professional  
23 not to openly criticize the SEC on social media  
24 during that time.

25 Q. And do you see at the very top of

1 your -- at the top of Exhibit 25, you write about  
2 a bipartisan bill that was introduced that would  
3 exempt crypto from the SEC?

4 A. I see that, yes.

5 Q. And you're writing about a bill that  
6 would have exempted digital assets from SEC  
7 regulations?

8 A. Yes, I see that.

9 Q. And did Ripple support that bill?

10 A. It says we chose to stay silent on it.

11 Q. Different -- different question.

12 Did -- did Ripple want that bill to  
13 pass?

14 A. I can't recall the bill. Did we want a  
15 bill like that to pass? I believe it was a  
16 follow-up to the Maloney bill which classified  
17 everything as a security, and this is one of the  
18 follow-up bills that was in response to that.

19 We didn't take a view on it. We stayed  
20 silent on it. As I say, we're still silent on it.

21 We -- I would have preferred that  
22 approach to policy than an approach that called  
23 everything a security.

24 Q. Did Ripple ever comment on that bill?

25 A. I can't recall. There was a variety of

1 bills floating around at the time. Some were  
2 introduced. Some were just draft.

3 MR. HANAUER: Twenty-seven.

4 (Whereupon, exhibit is presented  
5 and marked SEC Zagone Exhibit RZ-27 for  
6 identification.)

7 MR. HANAUER: I've tendered the  
8 witness a document labeled Exhibit RZ-27,  
9 starting with a Bates number ending in  
10 3073.

11 BY MR. HANAUER:

12 Q. Once you've had a chance to review it,  
13 I'll ask you, what is Exhibit 27?

14 A. It's a -- it's a document identifying  
15 areas that the regulatory relations team could  
16 collaborate with the marketing team for additional  
17 support.

18 Q. Did you prepare it?

19 A. I don't recall this document. It -- I  
20 don't recall the document. It would have come  
21 from me if it came from the regulatory relations  
22 team.

23 Q. And do you know when this document was  
24 from?

25 A. No, I don't. I don't -- I don't see a

1 date on it.

2 Q. And I didn't either, but do you see the  
3 second page of the document where it talks about  
4 key targets?

5 A. I see that.

6 Q. And do you see Senator Sinema?

7 A. Yes, I see that.

8 Q. It's my understanding that she didn't  
9 become a Senator until 2019.

10 A. Correct.

11 Q. So can we infer that this document,  
12 RZ-27, is from sometime in 2019?

13 A. That's a fair assumption, yeah.

14 Q. And so do you see this -- this table on  
15 the first page of Exhibit 27? And do you see  
16 the -- the box that says "United" -- in the  
17 "United States" row, in the Y column, it says  
18 "Support government relations efforts on  
19 classification of XRP"?

20 A. I see that.

21 Q. What's that describing?

22 A. How we can work with marcomm --  
23 regulations and marcomm can work together for U.S.

24 Q. To do what?

25 A. To engage a democrat champion.



1 Q. To do what?

2 A. It says here for "holding back efforts  
3 to engage the SEC."

4 Q. And what did the -- in 2019 what did  
5 Ripple want to do in regards to the SEC?

6 A. We have our open discussions and we have  
7 our -- the investigation with the SEC and Brad's  
8 meetings. So this would be aligning with that  
9 activity.

10 Q. Still trying to convey to the SEC that  
11 XRP should not be classified as a security?

12 MR. WARD: Objection to form.

13 A. At this point, in 2019, discussions  
14 are fair -- are becoming more mature between the  
15 SEC and -- and Ripple. They had been talking for  
16 sometime. This would be supporting that effort to  
17 engage with the SEC.

18 Q. And, again, in 2019, Ripple was still  
19 trying to convince the SEC to decide that XRP is  
20 not a security?

21 MR. WARD: Objection to form.

22 A. I know the company's view was XRP is not  
23 a security. I wasn't involved in any of the  
24 meetings with SEC or with the commissioners, so I  
25 can't say, like, what the context of that

1 conversation was. If they were pushing that or  
2 not, I don't know.

3 Q. The -- do you see where it says a unite  
4 -- the second bullet point on the whole -- or the  
5 first bullet point on the whole document, "United  
6 States: Support regulatory clarity of XRP with  
7 the SEC"?

8 A. I see that, yeah.

9 Q. And what's the regulatory clarity with  
10 the SEC that Ripple was trying to obtain?

11 A. How XRP would be classified.

12 Q. And then do you see on the next page,  
13 page 2, it says "Goal: Drive bipartisan pressure  
14 on policymakers to ensure a positive  
15 classification of XRP"?

16 A. I see that.

17 Q. And what was the positive classification  
18 of XRP that Ripple had as its goal?

19 A. So the company had a view that XRP was  
20 not a security. We viewed that as accurate.  
21 There was also -- I talked about here, there were  
22 several bills floating around that would classify  
23 the whole industry in one way or another, security  
24 or not.

25 The engagement in the U.S. was to drive

1     what we saw as positive or accurate classification  
2     of XRP.

3           Q.     And then the next bullet point "We are  
4     well positioned among republicans, but lack  
5     democrat champions, limiting pressure on the SEC."

6           A.     I see that.

7           Q.     What's that about in terms of putting  
8     pressure on the SEC?

9           A.     To provide clarity on XRP.

10          Q.     Was Ripple attempting to pressure the  
11     SEC?

12          A.     We were looking for clarity from the  
13     SEC. I can't characterize the -- the context of  
14     the conversations with the SEC. I wasn't involved  
15     in a single one.

16          Q.     And then under "Tactics," Ripple was  
17     recommending to place articles in various  
18     publications to support its position that XRP was  
19     not a security?

20          A.     We were targeting publications to place  
21     articles to elevate digital assets on the priority  
22     list for democrats. So driving awareness.

23          Q.     And Ripple wanted to put these  
24     publications -- or place articles in publications  
25     in Illinois, Arizona, California, Washington, D.C.

1 and New Jersey?

2 A. Those were the targeted individuals  
3 there that we were looking with to -- to focus in  
4 on in that messaging, particularly messaging  
5 around the financial inclusion benefits of  
6 lowering the cost of remittances. We thought  
7 that -- that messaging would resonate well with  
8 the democrats that were serving on the financial  
9 services committee.

10 Q. So the key states, those were associated  
11 with congressmen and women from those states?

12 A. Correct. There was a risk at this time  
13 that crypto would become a -- a partisan issue,  
14 which we did not -- Ripple did not see it that  
15 way. There were other industry trade groups that  
16 also do not see it that way. We wanted to ensure  
17 that it was a more bipartisan issue, the ability  
18 for crypto and blockchain to be used in payments.

19 Q. When -- did -- did Ripple employ any  
20 other tactics to influence congressmen other than  
21 the ones identified on the second page of Exhibit  
22 27?

23 A. Aside from targeted publications? Is  
24 that what you're asking?

25 Q. Correct.

1           A.    We engaged on the Hill. The company  
2    did -- attended or hosted members of Congress for  
3    fundraisers, the standard stuff you would see from  
4    a -- from a lobbying effort.

5           Q.    And at the time you left employment  
6    with -- with Ripple, was Ripple still making  
7    efforts to try to get the X -- the SEC to make a  
8    statement regarding XRP's classification?

9                   MR. HECKER: Objection to form.

10                  You can answer.

11          A.    At the time that I left the company,  
12    Ripple was still engaging with the SEC. The  
13    context or the -- the context of those  
14    conversations, I don't know about.

15          Q.    At the time you left Ripple, had the SEC  
16    made any announcements about whether or not it  
17    considered XRP to be a security?

18          A.    No. Not that I'm aware of.

19                  MR. HANAUER: One moment to  
20    confer with my counsel.

21                   (Pause)

22                  (Whereupon, exhibit is presented  
23    and marked SEC Zagone Exhibit RZ-46 for  
24    identification.)

25                  MR. HANAUER: I just tendered the



1 witness a document labeled RZ-46 with a  
2 Bates number ending in -- I think it's  
3 356.

4 BY MR. HANAUER:

5 Q. And is Exhibit RZ-46 a text exchange  
6 between you and Mr. Garlinghouse?

7 A. It is.

8 Q. And which texts are from you and which  
9 texts are from Mr. Garlinghouse?

10 A. The text on the left at the top is from  
11 Mr. Garlinghouse. The two texts on the right, in  
12 the lighter color, are from me.

13 Q. And when Mr. Garlinghouse writes about  
14 "getting the congressional letter sent to the  
15 SEC," what did you understand him to be referring  
16 to?

17 A. We were engaged with Senator Cotton to  
18 write a letter or write more than one letter. One  
19 letter was to the Federal Reserve.

20 The second letter here was to the SEC.

21 Q. And what -- what was in that letter?

22 A. The draft letter was around supporting  
23 America's competitiveness, international  
24 competitiveness, with blockchain and crypto  
25 assets.

1 Q. Did it have anything to do with the XRP  
2 securities classification issue?

3 A. The letter did talk about creating  
4 clarity for crypto assets. I can't recall if the  
5 letter specifically said XRP or not.

6 Q. And then the -- the bottom text talks  
7 about the "Senate letter prepped to be sent next  
8 week by Cotton and Van Hollen. Both will raise it  
9 to Clayton in his Senate hearing on December  
10 11th."

11 A. Yes.

12 Q. What's that about?

13 A. The -- that refers to the letter that we  
14 were drafting with Cotton and -- and this was a  
15 bipartisan one with Van Hollen. We were going  
16 back and forth with the -- Ripple and our  
17 lobbyists were going back and forth with the --  
18 Cotton and Van Hollen's offices around wording.

19 There was also a hearing coming up  
20 December 11th that we were -- had provided some  
21 questions to Cotton and Van Hollen to ask during  
22 that hearing.

23 Q. And why did you think that Senators  
24 Cotton and Van Hollen would be asking specific  
25 questions to Mr. Clayton at the Senate hearing?

1           A.    Cotton had taken an interest in national  
2   security and America's leadership in  
3   infrastructure which was keenly aligned with or  
4   closely aligned with Ripple's own view.

5           Van Hollen was a -- we were engaged with  
6   Van Hollen I believe on the financial -- the  
7   financial inclusion aspects of these technologies,  
8   so lowering the cost of remittances, both of which  
9   we saw as advantages for the U.S. economy. We  
10   wanted to -- a key part of this was repeating  
11   clarity from the SEC. So removing uncertainty.  
12   It was the position to raise that with Clayton  
13   during that Senate hearing.

14          Q.    How did you know what the senators were  
15   going to ask Mr. Clayton at his Senate hearing?

16               MR. HECKER:  Objection to form.

17          A.    It's common for lobbyists to provide  
18   background information to the offices and to  
19   provide potential questions to ask.

20          Q.    So that information about the questions  
21   that the senators would ask, that was conveyed to  
22   you by Ripple's lobbyists?

23               MR. HECKER:  Objection to form.

24               You can answer.

25          A.    Ripple's lobbyists would inform us of an

1 upcoming hearing, the types of content that would  
2 be covered, and potential questions that we should  
3 propose to those offices for -- to be asked during  
4 the hearing.

5 MR. HANAUER: That's all the  
6 questions we have. Before we go off, I  
7 just want to put on the record that the  
8 SEC reserves its rights to move to compel  
9 on issues where Ripple asserted privilege,  
10 and also reserves its rights to seek a  
11 30(b)(6) witness on the issues where  
12 counsel instructed the witness not to  
13 share what he learned about what --  
14 Ripple's interactions with the SEC and  
15 other third parties.

16 MR. CERESNEY: So those are both  
17 privilege issues because the latter was  
18 also a privilege issue.

19 MR. HANAUER: And I'm not trying  
20 to argue it. I just wanted to put a  
21 statement about our reservation of rights  
22 on those two issues while we were still on  
23 the record.

24 MR. CERESNEY: Okay. But -- but  
25 just for the record, on the privilege

1 issue, the judge has already denied your  
2 request for -- to pierce the privilege  
3 here. And so there -- therefore, I don't  
4 see a basis for -- nothing the witness has  
5 said today provides any additional basis  
6 for you to pierce the privilege. I don't  
7 know that you're suggesting that, but I  
8 don't see anything more.

9 On a 30(b)(6) witness, the  
10 objections today were not -- on the issue  
11 that you just cited, were not because the  
12 witness didn't necessarily have  
13 knowledge. It was because the  
14 information he had was as a result of  
15 discussions with counsel. So it's the  
16 same privilege issue as the initial -- as  
17 the first issue you raised.

18 So I just want that clear. It's  
19 not a separate 30(b)(6) witness issue.

20 MR. HANAUER: Okay. And that's  
21 the position you take.

22 MR. CERESNEY: And from our  
23 perspective, you've had the opportunity to  
24 fully question him on these issues and  
25 there's no basis for 30(b)(6).



1                   Okay. If you give us two  
2                   minutes, we'll convene and then come  
3                   back. I will have at least one set of  
4                   questions.

5                   THE VIDEOGRAPHER: Going off the  
6                   record at 5:56.

7                   (Whereupon, a recess is taken.)

8                   THE VIDEOGRAPHER: Okay. Back on  
9                   the record, 6:07.

10                  CROSS-EXAMINATION

11                  BY MR. CERESNEY:

12                  Q. Great. I just have a few questions for  
13                  you, Mr. Zagone.

14                  First, in his final questioning of you,  
15                  Mr. Hanauer asked you about Exhibit RZ-46 and a  
16                  text message exchange between you and  
17                  Mr. Garlinghouse.

18                  And this text message exchange  
19                  referenced letters that had been prepped for  
20                  Senator Cotton and Van Hollen.

21                  One question: Did -- did those letters  
22                  ever get sent as far as you know?

23                  A. No.

24                  Q. So, in other words, no letter, as far as  
25                  you know, was sent from these senators to Chair

1 Clayton?

2 A. As far as I know, no letters were sent.

3 Q. And as for the hearing that occurred

4 which is referenced here, the December 11th

5 hearing when Chair Clayton was to testify before

6 the Senate, what is your understanding as to

7 whether any questions were asked during that

8 hearing based upon any -- were any questions asked

9 at that hearing which Ripple's lobbyists had

10 discussed with the staff prior?

11 MR. HANAUER: Objection.

12 Objection to form.

13 A. Ripple's lobbyists had proposed

14 questions for that hearing, but to the best of my

15 knowledge, none of them were asked.

16 MR. CERESNEY: Okay. I want to,

17 then, show you what we'll mark as -- why

18 don't we mark it as Ripple Exhibit 1,

19 RZ -- Ripple RZ-1?

20 MR. HANAUER: How about RZ-47?

21 There's nothing after that.

22 MR. CERESNEY: Okay. All right,

23 we'll do RZ-47. We'll mark it as RZ-47.

24 And so if we can distribute that.

25 THE REPORTER: Exhibit RZ-47.

1                   (Whereupon, exhibit is presented  
2                   and marked SEC Zagone Exhibit RZ-47 for  
3                   identification.)

4                   MR. CERESNEY: Did you give one  
5                   to Mr. Hanauer? Did you give one to  
6                   Mr. Hanauer?

7                   MR. TENREIRO: Oh.

8                   MR. HANAUER: Thank you.

9                   MR. TENREIRO: Take as many as  
10                  you want.

11                 BY MR. CERESNEY:

12                 Q. Mr. Zagone, take a look at this. This  
13                 is an e-mail dated January 19th, 2017. It's from  
14                 you to Antoinette O'Gorman, Bates number RPLI\_SEC  
15                 0921020 to 1029. I'll ask you to just take a look  
16                 at that e-mail and tell me whether you recognize  
17                 this exchange with Ms. O'Gorman.

18                 (Pause)

19                 A. Okay. I've reviewed it.

20                 Q. Okay. I'm not really -- I'm not going  
21                 to focus really on the e-mail exchange except to  
22                 reference paragraph 3 where there's a reference to  
23                 a March 9th, 2016 response to the Department of  
24                 Financial Services, the New York Department of  
25                 Financial Services.

1           Actually, just by way of background,  
2           what was Ripple's engagement with the Department  
3           of Financial Services during this period in 2017?

4           A.    We were -- Ripple was applying -- let me  
5           restate that.

6           XRP II, LLC, a subsidiary of Ripple, was  
7           replying -- or applying to the New York DFS for a  
8           virtual currency license.

9           Q.    And was that application in 2016? Is  
10          that when the application process occurred?

11          A.    Correct.

12          Q.    Did Ripple actually ultimately obtain  
13          that BitLicense?

14          A.    Yes.

15          Q.    And what is a BitLicense -- what did it  
16          allow Ripple -- XRP II -- actually, let me just  
17          rephrase the last question.

18          Did XRP II obtain that BitLicense  
19          eventually?

20          A.    Yes.

21          Q.    And what did the BitLicense allow XRP II  
22          to do in New York State?

23          A.    To sell virtual currency.

24          Q.    So I want to just direct you to  
25          paragraph 3 here which references a March 9th,

1 2016 response to the DFS.

2 Do you see that?

3 A. I see that, yes.

4 Q. And there were three attachments to this  
5 e-mail and I want to direct your attention to the  
6 attachment that is Bates stamped number 9211025,  
7 which appears to be a March 9th, 2016 letter to  
8 the DFS.

9 Do you see that?

10 A. I see that.

11 Q. And the letter appears to have been

12 written by a lawyer -- lawyer named [REDACTED]

13 from [REDACTED]

14 Who is [REDACTED]?

15 A. [REDACTED] was Ripple's outside  
16 counsel that was assisting us with XRP II's  
17 BitLicense.

18 Q. Okay. And the first sentence of that  
19 letter says "This is in response to your letter of  
20 February 12th, 2016 to Ryan Zagone."

21 Do you see that?

22 A. I see that, yes.

23 Q. And just for completeness, if you look  
24 at the first attachment to this e-mail, which is  
25 Bates number 9211022, does that appear to be the



1 letter from February 12th, 2016, from the  
2 Department of Financial Services to you?

3 A. That does, yes.

4 Q. Okay. So this response dated March 9th,  
5 2016, was in response to an original letter to  
6 you?

7 A. Yes.

8 Q. Did you participate in drafting this  
9 letter, March 9th letter, to the DFS?

10 A. Yes. I collected information internally  
11 at Ripple and provided it to [REDACTED] to  
12 draft into a letter.

13 Q. And did you review this letter before it  
14 was submitted?

15 A. Yes.

16 Q. Okay. I want to direct your attention  
17 to page 2 of the letter and I want to focus on  
18 Section D of that letter and, in particular, the  
19 second paragraph of Section D. And I'll just read  
20 what it says there. It says "XRP II and Ripple  
21 consider XRP a digital asset, not a currency. XRP  
22 is used within Ripple as a security mechanism and  
23 a liquidity tool. XRP is not intended to be used  
24 as a currency."

25 Do you see that?

1 A. I see that, yes.

2 Q. What was your understanding of the  
3 meaning of this portion of the letter?

4 A. Here we were describing how Ripple --

5 MR. HANAUER: Excuse me. Excuse  
6 me.

7 Objection. Are you instructing  
8 him to decouple what he learned from  
9 counsel in providing that answer?

10 MR. CERESNEY: No. I'm asking him  
11 for the meaning of the letter that was  
12 responding to a letter to him that the DFS  
13 wrote and that he reviewed before it was  
14 submitted. So I'm asking him what the  
15 letter means in his understanding.

16 MR. HANAUER: And I would just  
17 note for the same ques -- type of  
18 questions, you were objecting on -- on  
19 privilege grounds when I was asking him.

20 MR. CERESNEY: No, I wasn't. I  
21 beg to differ. You were asking different  
22 types of questions.

23 MR. HANAUER: We'll -- we'll let  
24 the record speak for itself.

25 MR. CERESNEY: You can. I'm

1 asking him for his interpretation of a  
2 letter that he reviewed in response to a  
3 letter that was written to him by the DFS.

4 BY MR. CERESNEY:

5 Q. You can go ahead, Mr. Zagone.

6 A. This letter -- this was a time when --  
7 so here we're talking about Ripple's use -- like  
8 the use case of XRP within our product. We're not  
9 using it -- Ripple's not using XRP as a currency,  
10 like to buy your coffee with, but as a tool to  
11 connect currencies more efficiently.

12 In 2016 the key topic in the market was  
13 bitcoin is used as a currency replacing the U.S.  
14 dollar, and here we're making the point that  
15 Ripple's use of XRP is not to replace the U.S.  
16 dollar, but to connect the U.S. dollar to other  
17 currencies more efficiently.

18 Q. Were you -- were you intend -- was this  
19 letter intended, as far as you understood this  
20 letter, to respond to -- to address the legal  
21 classification of XRP as a currency?

22 A. No. This was about its use case.

23 Q. And is this about XRP II's use case  
24 of -- or Ripple's use case of XRP?

25 A. Yes, this was about how Ripple was using

1 XRP in our product.

2 Q. And just as a -- as a general matter,  
3 are you aware of other XRP holders who had used  
4 XRP as a currency during this period?

5 A. Yes. Out -- outside of Ripple's use of  
6 XRP, there were people, individuals, using XRP as  
7 a currency. It is an open-source technology. You  
8 could access it on an exchange and use it however  
9 you'd like. So as a currency.

10 MR. CERESNEY: Okay. I think  
11 that is all we have. No further  
12 questions.

13 MR. HANAUER: No redirect.

14 THE VIDEOGRAPHER: Anyone else?  
15 That's it?

16 Okay. All right. This  
17 concludes the video deposition of Ryan  
18 Zagone. The time is 6:17 and we're going  
19 off the record.

20 (Whereupon, the deposition  
21 concluded at 6:17 p.m.)

22

23

24

25

1 STATE OF NEW YORK )

2 ) ss:

3 COUNTY OF NEW YORK )

4 I hereby certify that the witness in the  
5 foregoing deposition, RYAN ZAGONE was by me duly sworn  
6 to testify to the truth, the whole truth and nothing but  
7 the truth, in the within-entitled cause; that said  
8 deposition was taken at the time and place herein named;  
9 and that the deposition is a true record of the  
10 witness's testimony as reported by me, a duly certified  
11 shorthand reporter and a disinterested person, and was  
12 thereafter transcribed into typewriting by computer.

13 I further certify that I am not interested in  
14 the outcome of the said action, nor connected with nor  
15 related to any of the parties in said action, nor to  
16 their respective counsel.

17 IN WITNESS WHEREOF, I have hereunto set my  
18 hand this 22nd day of July, 2021.

19 Reading and Signing was:

20 \_\_\_ requested \_\_\_ waived \_X\_ not requested.  
21  
22

23 \_\_\_\_\_  
24 BRIDGET LOMBARDOZZI, CSR, RMR, CRR  
25



Transcript Worksheet

























































































